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Market Administrator's

BULLETIN

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MARKET ADMINISTRATOR

Published at 79 East State Street, Columbus 15, Ohio

ISSUED FOR PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

August, 1958

Vol. 14, No. 8

Rate of Decline in Milk Cow Numbers Greater in First Half of 1958

The number of milk cows in the United States increased steadily from 1920 to 1944, except for interruptions in the late 1920's and after the mid-1930's drought. The mid-year number reached a record 25.6 million head in the middle of 1944. Since 1944 the number has declined each year, except for a slight increase in 1953, and was down to 19.8 million by June, 1958. This is a drop of 5.7 million head, or 22 percent. Declines of 4 percent each were made in two years — from 1945 to 1946 and from 1947 to 1948. From 1949 through 1957 the annual decline did not exceed 2 percent. It was 3.5 percent in the 12 months ended June, 1958.

The general downtrend in number of milk cows in the United States cannot be attributed to any single factor. Variations in the rate of decline, however, seem to be related to short-term changes in economic relationships.

The general downdrift in numbers of cows is largely the result of technological innovations which directly or indirectly are leading to a decline in number of farms with milk cows. This decline is only partly offset by the tendency for remaining dairy farms to become larger. In many cases, farmers must expand their capital investments in order to take full advantage of the technological improvements. The fact that 4 percent or more of farms with milk cows are discontinuing dairying each year suggests that many operators have alternatives which they consider superior to the keeping of cows, particularly in view of expanded capital outlay needed to remain in dairying. On the other hand, farmers who adopt new methods and improve facilities invariably keep more cows and produce more milk per farm.

Short-term changes in economic relationships which have influenced year-to-year changes in numbers of milk cows include the price of milk, the price of feed concentrates, and prices for such important alternative products as beef cattle and hogs. In 1956 and early 1957, the relationships between milk prices and feed prices became very favorable for dairy farmers. At the same time, dairy prices showed considerable improvement relative to other enterprises, compared with the relationships for several years before 1956. These conditions were instrumental in slowing down the rate of decline in cow numbers in 1956 and early 1957. On the other hand, in the past 12 months the price of milk has turned downward slightly and prices received by farmers for hogs and beef cattle increased sharply. These are the main changes, compared with a year ago, and apparently help to account for the more rapid decline in milk cow numbers during the first half of 1958.

Butter Consumption Maintained, Cheese Consumption Increased, Sales to CCC Down

Under the price support program for dairy products, Commodity Credit Corporation accepts all offers for purchase, under certain conditions, of butter, American cheese and nonfat dry milk which cannot be sold in normal commercial outlets. This means that milk in excess of that which can be sold in all forms in commercial outlets at prices equivalent to support levels will be channeled into production of butter, American cheese and nonfat dry milk and sold to the CCC. With milk output during the first 4 months of this year only slightly above a year earlier, with fluid use continuing a little higher, production of evaporated and dry whole milk lower, slightly less milk was available for production of butter and cheese than in January-April of 1957. In the case of creamery butter, the increase of only 1 percent in production was accompanied by essentially the same change in private stocks and the same aggregate consumption as a year earlier. Sales of butter to CCC in the first 2 months of the current marketing year totaled 39 million pounds, compared with 49 million pounds a year earlier. However, sales of butter to CCC in the last 2 weeks of March were much greater this year than last because of impending support price reductions on April 1.

(Continued on page four)



Cincinnati

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers Uniform Price (3.5%)	\$3.62*	\$3.38*	\$3.70*
Class I (3.5%)	4.4195	4.4405	4.5635
Class II (3.5%)	3.0329	3.0329	3.2525
Class III (3.5%)	2.7958	2.7256	2.8220
Producer Butterfat Differential for each 1/10%	.074	0.72	.076

* 15 cents per Cwt. is deducted from producers shipping to plants beyond 45 mile zone.

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	58.38	54.24	55.78
Percent of Producer Milk in Class II	24.21	21.29	22.93
Percent of Producer Milk in Class III	17.41	24.47	21.29

PRODUCTION SUMMARY

Total Bulk Tank Milk Deliveries	14,039,739	14,856,089	10,140,057
Total Can Milk Deliveries	24,867,953	27,022,602	30,243,620
Total Pounds of Producers Milk Delivered	38,907,692	41,878,691	40,383,677
Percentage of Tank Milk to Total Deliveries	36.08	35.47	25.11

Number of Tank Producers	813	799	532
Number of Can Producers	2,935	2,979	3,418
Total Number of Producers	3,748	3,778	3,950
Percentage of Tank Producers to Total Producers	21.69	21.15	13.47

Average Daily Production per Tank Producer	557	620	615
Average Daily Production per Can Producer	273	302	285
Average Daily Production for All Producers	335	369	330

Average Butterfat Test of all Producers	3.69	3.69	3.67
Average Daily Class I Use (Gross)	734,310	758,145	728,373

VALUE SUMMARY

Total Value at Average Test	\$1,450,509.15	\$1,463,436.06	\$1,538,783.92
Income per Producer (7 day average)	\$87.39	\$90.39	\$87.97

AVERAGE DAIRY SALES (Quarts)

Milk	288,395	298,767	297,079
Buttermilk	11,194	11,244	11,552
Chocolate	9,506	10,356	10,645
Skim	19,915	18,890	11,107
Cream	7,352	7,693	6,661

Starting April, 1958, total gross sales used instead of In Area Gross Sales.

Figures prior to April, 1958, have been corrected to reflect Total Gross Sales.

COMPARATIVE STATISTICS ★

CINCINNATI MARKETING AREA

★ **July, 1949-58**

Year	Receipts from Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1949.....	37,023,955	3.80	46.1	7.8	32.1	—	3.40	3.9497	3.4997	2.8997	—	5,754	208
1950.....	38,689,641	3.84	44.5	7.5	20.2	—	3.35	3.9544	3.5044	2.9044	—	5,633	222
1951.....	34,985,765	3.79	51.2	4.0	43.9	.9	4.10	4.567	4.117	3.4986	3.3236	5,230	216
1952.....	34,505,480	3.78	54.4	3.9	41.0	.7	4.50	4.9832	4.5322	3.8032	3.6282	5,105	218
1953.....	40,061,744	3.75	49.4	3.4	40.0	7.2	3.95	4.4773	4.0273	3.4273	3.2523	5,269	245
1954.....	38,692,191	3.72	52.4	3.3	41.5	2.8	3.53	4.1693	3.7193	2.7395	2.6350	5,025	248
1955.....	40,894,033	3.71	51.6	17.9	30.5	—	3.50	4.4372	3.1891	2.6875	—	4,699	281
1956.....	38,511,887	3.70	54.4	24.1	21.5	—	3.87	4.8764	3.2423	2.8538	—	4,059	306
1957.....	40,383,677	3.67	55.8	22.9	21.3	—	3.70	4.5635	3.2525	2.8220	—	3,950	330
1958.....	38,907,692	3.69	58.3	24.2	17.5	—	3.62	4.4195	3.0329	2.7958	—	3,748	335

Price Support Purchases Considerably Below A Year Earlier

With use of milk in factory products running under a year earlier, combined offerings of butter and cheese to the CCC under the price support program so far this marketing year have been down about $\frac{1}{2}$ from a year earlier (in terms of milk equivalent for solids basis). A total of 95 million pounds of butter was purchased by the CCC in the first four months of this marketing year, compared with 114 million pounds a year earlier. Cheese purchases totaled only 23 million pounds, in contrast to 102 million pounds last year. Purchases of nonfat dry milk have been running larger than a year earlier in recent weeks, and total purchases from April 1 through July 31 were 396 million pounds, compared with 351 million a year earlier.

With continued distribution of these three price support items from Government stock, the uncommitted supplies available have shown only moderate changes despite the seasonal bulge in purchases. At the end of July, uncommitted supplies of butter in possession of CCC totaled 96 million pounds, compared with 92 million a year earlier. Cheese stocks, on the other hand, were only 57 million pounds at the end of July, compared with 184 million a year earlier and were the smallest since early 1953. But nonfat dry milk supplies available at the end of July totaled 152 million pounds, compared with 58 million a year earlier. Purchases of butter and nonfat dry milk, at least, will decline seasonally until early 1959.

Use of Milk in Factory Products Running Under 1957

A slightly smaller quantity of milk was available for production of manufactured dairy products during the first half of 1958, since farm production was essentially equal to that of the first half of 1957 and use of milk in fluid form was larger by around 1 percent. Output of evaporated and condensed milk showed the largest relative declines early in the year. In June output of evaporated milk was down about 3 percent, but condensed milk was considerably greater than a year earlier. Output of ice cream, which is adjusted to current consumption, has been running close to that of a year earlier; although a few months topped last year, output for the first 6 months was no larger than a year earlier. Output of American cheese began the year within 1-2 percent of early 1957, dropped in some weeks to as low as 7-10 percent under that of a year earlier, but by the latter part of July was closer to the 1957 level than at any time since February. In the first half of the year, American cheese output was 4 percent under that of the first half of 1957. Butter output was larger than in 1957 through the first quarter of 1958. In the succeeding three months it was down from a year earlier by 1 percent, 5 percent, and a little less than 3 percent. By the latter part of July, butter production approximated that of a year earlier.

Consumption of the different dairy products, based on preliminary data,

Activities of Check Testers July

Check testers for the Cincinnati Federal Milk Market Administrator, rendering market service to non-member producers report these activities.

	July 1958
Composite Samples	3,160
Fresh Samples	3,020
Herd Test Samples	450
Finished Product	512
Tank Truck	39
Farm Tank	141

shows considerable variation among products from a year earlier. Cheese consumption has been running well above that of the first half of 1957. On the other hand, use of evaporated milk has shown another large decrease so far this year. Use of creamery butter and ice cream are running close to last year's levels in total, though they may have declined slightly on a per capita basis.

Evaporated milk is the only item for which retail prices have not shown at least some decline since early 1958. The price averaged 15.0 cents per can in January and February, rose to 15.1 cents in March and has been unchanged since that time. For all other items, the June average was less than the January-March average, but only butter was below a year earlier. In June it averaged 73.5 cents per pound in leading cities of the United States, compared with 73.8 cents in June, 1957 and 74.9 cents January through March, 1958. The average price of cheese in June was 58.1 cents, an increase of $\frac{1}{2}$ cent over a year earlier, but a decline of 0.2 cents from March, 1958.

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THE Market Administrators BULLETIN

Butter Consumption Maintained (Continued from page one)

The general situation for American cheese has changed rapidly. In the first 4 months of 1958, production was 2 percent smaller, and private storage stocks increased more rapidly than last year. In addition, civilian use was significantly above early 1957. The sharp rise in retail prices for red meats may have influenced consumption of cheese. Sales of American cheese to the CCC in the first 2 months of this marketing year totaled only 11 million pounds, compared with 45 million pounds a year earlier.

Disposition of cheese purchased under the price support program has presented a more difficult problem than any other dairy product in the price support program. By using all available outlets, distribution of this item has been gradually increased, and in April and May a total of 58.2 million pounds was distributed, compared with only 11 million pounds purchased. By May 31, stocks of American cheese were down to 66 million pounds, the lowest in more than 5 years. In March, butter was included in those items for distribution to needy people, including unemployed in this country. This helped to expand outlets for butter, and in April and May distribution was 43 million pounds, compared with procurement of 39 million pounds. By the end of May, stocks of butter were down to 59 million pounds, compared with 66 million in March and 50 million a year earlier. Nonfat purchases in April and

Market Quotations

July
1958

12 MIDWEST CONDENSERIES 3.5% per Cwt.	\$2.921
5 CONDENSERIES (Cincinnati) 3.5% per Cwt.	2.7958
5 CONDENSERIES (North Central Ohio) 3.5% per Cwt.	2.825
2 CONDENSERIES (Toledo) 3.5% per Cwt.	2.762
4 CONDENSERIES (Tri-State) 3.5% per Cwt.	2.786
Evaporated Milk Code Price, 3.5% per Cwt.	2.748
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Cincinnati)	2.995
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	2.979
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Dayton)	3.003
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Toledo-Tri-State)	2.877
Average Weekly Cheddars price per lb.	.3175
Average price per lb. non-fat dry milk solids, roller process delivered Chicago	.1310
Average price per lb. 92-score butter at Chicago	.5775
Average carlot prices non-fat dry milk solids, roller and spray process, f.o.b. manufacturing plant	.12545

May exceeded distribution, and holdings were increased to 109 million pounds by May 31. This stock of nonfat is a little greater than a year earlier, but much smaller than a number of previous inventory totals.

In terms of milk equivalent, purchases of butter and cheese in April and May this year totaled 886 million pounds, a little less than $\frac{2}{3}$ the 1,427 million a year earlier. For the marketing year ended March 31, 1958, CCC acquired the whole milk equivalent of 6.8 billion pounds. In addition, a total of 778 million pounds of nonfat dry milk was purchased. In April and May this year purchases of nonfat dry milk totaled 227 million pounds (including 62 million pounds for special school lunch packaging), compared with 148 million a year earlier.

CCC Sales of Corn Much Smaller This Year

Total sales of corn by CCC have been smaller during the 1957-58 marketing year than in 1956-57. During October-May CCC sold only 21 million bushels of corn for domestic use, much less than the 137 million sold in the same period of 1956-57. This decline was only partly offset by heavier export sales. Export sales totaled 107 million bushels during the 8 months, about 38 million more than a year earlier. Total sales of corn for the entire 1957-58 marketing year probably will be only about half of the 317 million of total sales for 1956-57. Total sales of oats also have been smaller this year than last, while more barley and sorghum grain have been sold or otherwise disposed of.